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201352Z Dec 05

C O N F I D E N T I A L SECTION 01 OF 02 YEREVAN 002193

SIPDIS

DEPT FOR EUR/CACEN, EUR/ACE, EB

E.O. 12958: DECL: 12/20/2015

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SUBJECT: FM OSKANIAN DISCUSSES A "CONSTRUCTIVE" RESPONSE TO MCC

Classified By: CDA A.F.Godfrey for reasons 1.4 (b,d).

SUMMARY

1. (C) During a December 20 meeting with Charge d'Affaires Godfrey, Foreign Minister Vartan Oskanian said he had discussed the recent Millennium Challenge Corporation (MCC) announcement and accompanying letter with President Robert Kocharian and said that the GOAM was not rushing to respond, but instead "waiting to submit a constructive response." Oskanian predicted that the announcement would receive wide coverage in the local media and assured us that the GOAM's media strategy would not omit the conditionalities raised in Ambassador Danilovich's letter to Kocharian. The Charge underscored that the MCA process was a chance for Armenia to make significant economic and democratic progress but reminded Oskanian of the importance of all three points laid out in the MCC letter -- especially investigation of electoral fraud -- and the seriousness with which Washington is discussing Armenia's MCC compact process. End Summary.

"EXCITEMENT DAMPENED" BUT A "GOOD STARTING POINT"

2. (C) Charge met with Foreign Minister Vartan Oskanian December 20 to discuss the recent announcement of the Millennium Challenge Corporation Board's approval of a compact with Armenia. Overall, Oskanian was upbeat about the news of the MCC Board approval. He admitted, however, that the November 27 referendum and the overall tone of the announcement had "dampened the initial excitement" surrounding the announcement. Oskanian welcomed Ambassador Danilovich's letter to President Kocharian, calling it "to-the-point" and a "good starting point" for further cooperation.

NOT IN A RUSH, WAITING ON PRESIDENT'S HEALTH

3. (C) Oskanian said that he had discussed the announcement and letter with President Kocharian but said that the GOAM did not want to rush into a premature response. Oskanian said he wanted to coordinate the GOAM's official reaction and added that the GOAM was "waiting to submit a constructive response." He noted that Kocharian had been ill for the past 48 hours and that the two had not been able to meet personally to discuss the issue, thus slowing down the process. Oskanian predicted that the story of the MCC Board approval would get wide coverage in the local media. (Note: Armenian newspapers do not publish on Mondays and television stories are filed early in the day. We do not expect widespread local media coverage of the announcement until December 21. End Note.) Oskanian assured us that the GOAM's media strategy would not omit the conditionalities raised in Ambassador Danilovich's letter to Kocharian. He pledged that USG language "warning" the GOAM would be part of the government's formal announcement.

FOCUSING ON "INVESTIGATING WRONGDOING"

4. (C) Oskanian pressed for specifics on what the USG sought in response to Ambassador Danilovich's letter to Kocharian. He outlined a proposed response which included an assurance that the GOAM would respect citizens' rights, an acknowledgment of the shortcomings of the referendum and a pledge to conduct free and fair elections in 2007 and 2008. In response, the Charge read from Ambassador Danilovich's letter about the need for the GOAM to acknowledge, investigate and prosecute wrongdoing during the November 27 referendum, which was absent from Oskanian's proposal. Oskanian outlined what he called the "legal guidelines governing investigations of this kind" but agreed with our point that Washington might view this approach as an attempt to hide behind regulations instead of taking corrective

action against fraud. Oskanian said he would coordinate a meeting with Armenia's Prosecutor General to see what options were available to address the issue. He said he would highlight the importance of this point with President Kocharian and gave his guarantee that it would be part of the GOAM's response.

COMMENT: HELPING OSKANIAN GET THE MESSAGE OUT

15. (C) Oskanian understands that Armenia stands to lose a lot -- both in terms of the MCA process and its international reputation -- if the GOAM does not step up to the plate and address recent backsliding on democratic governance. Getting the President and Prime Minister to take responsibility for the current situation and take the necessary actions, however, is a tall order. We will need to engage other camps within the GOAM so that Oskanian's message can take root. In the meantime, we will continue to manage the media cycle and engage our GOAM counterparts so that the spirit of Ambassador Danilovich's letter to Kocharian doesn't get lost. Recent statements by the Prime Minister and National Assembly Speaker regarding electoral fraud (septel) suggest that high-level GOAM officials are acknowledging that the November 27 referendum did not meet international standards. If the MCC announcement can create enough political momentum, it could produce some action to go with these statements.
GODFREY